

**EXHIBIT 1**



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1 Q Does it include the city on there?  
2 A Yes, as the owner -- the 100 percent owner of PUC, Inc.  
3 Q All right. And do you understand the way that these  
4 corporations are set up as a non-lawyer?  
5 A Yes.  
6 Q And in general what is the relationship between the city and  
7 PUC, Inc.?  
8 A The relationship between --  
9 Q Yes.  
10 A It's basically the owner of PUC, Inc.  
11 Q PUC, Inc. being a corporation -- I'm assuming that most of  
12 the corporate forms are the same in Ontario as they are in  
13 Michigan, so correct me if I use any wrong terminology, but  
14 would the city be regarded as a shareholder of PUC, Inc.?  
15 A Yes, a 100 percent shareholder.  
16 Q And then from that point what is the relationship between  
17 PUC, Inc. and PUC Services, Inc.?  
18 A PUC Services is a 100 percent subsidiary of PUC, Inc.  
19 Q And again, would that mean that PUC, Inc. is the sole  
20 shareholder?  
21 A Yes, it is.  
22 Q And does PUC, Inc. have other companies that are also  
23 subsidiaries?  
24 A Yes, there's three other subsidiary companies: PUC  
25 Distribution, Inc., which is a regulated company whose sole

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1 business is the provision of electricity distribution to  
2 mainly the city of Sault Ste. Marie; PUC Energies, which at  
3 this time provides sentinel light rentals, but also has the  
4 mandate to provide energy services including the generation  
5 of electricity, but is not in those businesses at the  
6 present time; and the other affiliate or subsidiary is PUC  
7 Telecom, which provides telecommunication services,  
8 basically hi-speed broadband services over fiberoptic cable  
9 to customers in Sault Ste. Marie.

10 Q Okay. I guess I glided over one issue. Have you been the  
11 CEO of PUC, Inc. since November 2000 as well?

12 A Yes.

13 Q Do you hold any corporate office with either of the -- any  
14 of the three other subsidiaries?

15 A I'm the president and CEO of all the other affiliates.

16 Q Of each of them?

17 A Yes.

18 Q Do the other affiliates have different employees?

19 A No. The only employees in any of the companies are all  
20 within the services company, so there are only assets in  
21 distribution, energies and telecom. There are no personnel.

22 Q I believe that the public record shows that these  
23 corporations were established under Ontario law before  
24 November 2000, but did you have an understanding when you  
25 came on in November 2000 as to how new or fresh these new

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1 organizations were?

2 A Yes, I did.

3 Q And what was your general understanding?

4 A Prior to -- I believe it was the latter part of the 1990's,  
5 the provision of both water and electrical service was done  
6 through the Public Utilities Commission in Sault Ste. Marie.  
7 That entity was created, I guess, under the Public Utilities  
8 Act in Ontario. It had elected commissioners appointed to  
9 oversee the operation of both the water and electricity  
10 services, but the ownership of the asset rested with the  
11 municipality, ultimately.

12 The provincial government decided that it wanted to  
13 restructure the electrical industry in Ontario. And so it  
14 basically dismantled the provincial utility called Ontario  
15 Hydro and also required that if municipalities wanted to  
16 continue to provide electricity in their franchise areas,  
17 that they would have to dispose of their -- or transfer  
18 their electricity assets to companies that would be  
19 incorporated under the Ontario Business Corporations Act.  
20 So as a result of that, the assets of -- the electrical  
21 assets within the commission were transferred to PUC  
22 Distribution which was incorporated under the Ontario  
23 Business Corporations Act.

24 It was also decided that there were a number of other  
25 opportunities that the city wanted to have pursued,

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1 basically in the area of telecommunications as well as the  
2 water operations and in the area of energies the potential  
3 to retail electricity, so a PUC holding company was created  
4 to oversee those separate business interests. Another  
5 reason why it was set up in this fashion is that the wires  
6 business could only be engaged in electricity. There was an  
7 allowance, I guess, at that time that they could also  
8 continue in water, but they could not continue in areas such  
9 as telecom or any kind of competitive types of businesses.  
10 So that's the reason why the structure is as it is, is that  
11 for provincial government mandate or requirement we had to  
12 separate these particular businesses in this fashion.

13 Q All right. And although we're maybe getting a little bit  
14 ahead of ourselves, is it accurate to say that the two  
15 companies, PUC, Incorporated and PUC Services, Incorporated,  
16 had no involvement with the operation of the water pollution  
17 control plant as of November 2000 when you first came on  
18 board?

19 A That's correct.

20 Q All right. That happened a little bit later?

21 A Yes.

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1        billing, customer accounts, as well as looking at other  
2        business development opportunities. We have finance which  
3        looks after financial affairs of the company and operations  
4        and engineering.

5     Q     At the present time your company is the operator of the  
6        water pollution control plant, East End plant?

7     A     East and West End pollution control plants.

8     Q     And how long has your company been the operator of the East  
9        End plant?

10    A     Since July 1st of 2003.

11    Q     And the operation of the West End plant was assumed at the  
12        same time?

13    A     Yes, it was.

14    Q     As of the time that you first came into your position and  
15        let's say through to 2001 and 2002, do you know how the  
16        plants were operated?

17    A     The plants were operated by the Ontario Clean Water Agency  
18        under contract with the city.

19    Q     Is that a private company or is that some kind of  
20        governmental agency?

21    A     It's a governmental agency. It's an agency that's owned by  
22        the provincial government.

23    Q     Do you have a sense of how long that relationship was in  
24        place?

25    A     For some time. The Ontario Clean Water Agency was created

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1 sometime in the 90's as a crown corporation, which is a term  
2 used in Canada meaning that it's owned by the provincial  
3 government. But its predecessor was the -- I think it was  
4 part of the Ministry of Environment and before that the  
5 Ontario Water Resources Commission. So it was in one of  
6 those organizations' hands -- those treatment plants. So I  
7 would say certainly, since these plants were running, they  
8 were run -- they were not run by the city, but by some  
9 agency of the provincial government.

10 Q So at the current time your company operates the plants?

11 A Yes, we do.

12 Q At the current time does your company own the plants?

13 A No.

14 MR. GARCZYNISKI: Sean, when you ask "the company,"  
15 we're doing it as two separate entities?

16 MR. FOSMIRE: I'm talking about PUC Services.

17 MR. GARCZYNISKI: Just make that distinction.

18 MR. FOSMIRE: Yes. I'm sorry. That's a good  
19 point.

20 Q Because we are talking about two different companies that  
21 you are the CEO of -- two or more?

22 A Yes.

23 Q So PUC Services operates the plants, but does not own the  
24 plants; is that correct?

25 A That's correct.

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1 Q And what were the circumstances that led up to the entry  
2 into a contract to operate the two plants in 2003?  
3 A We approached the city about our interest in taking over the  
4 operations of the two wastewater treatment plants and as a  
5 result, city council decided that they would give the  
6 required six months' notice to the Ontario Clean Water  
7 Agency to terminate the existing contract that they had with  
8 them.

9 Q And did you end up negotiating a contract with the city on  
10 behalf of PUC Services?

11 A Yes, we did.

12 Q Now, we've had marked as an exhibit Exhibit Number 2. Do  
13 you recognize that document, sir?

14 A Yes.

15 Q And can you tell the court what that is?

16 A This is the agreement that we negotiated with the city to  
17 operate the wastewater treatment facilities of the city.

18 MR. FOSMIRE: And it's been agreed, has it not,  
19 Mr. Garczynski, that two or three areas within that contract  
20 are obliterated to remove reference to the price that was  
21 agreed to be paid?

22 MR. GARCZYNISKI: For the purposes of this  
23 deposition and creating a record today, that is correct. I  
24 reserve the right to question as to the exact price should I  
25 happen to think of a reason that I could ask for those

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1 numbers.

2 MR. FOSMIRE: All right. Thank you.  
3 Q And then we've had marked as Exhibit Number 3 a smaller set  
4 of pages, another document. It looks like it's dated  
5 January 1, 2007. Could you explain for us what that is, Mr.  
6 Curran?

7 A Yes. This is an amendment to recognize the new operations  
8 at the East End wastewater plant, recognizing the fact that  
9 its previous operation was that of a primary plant. The new  
10 plant is what's called a biological nutrient removal  
11 operation. It's much more sophisticated and as a result  
12 requires more staff to operate it, more analyses, so the  
13 cost is greater. So what this does is recognize new  
14 operational requirements as well as increased cost to  
15 operate that facility.

16 Q And does your company -- and I'm speaking of PUC Services --  
17 employ an operator for the East End plant?

18 A Yes, there are operators in that plant.

19 Q Who's the primary operator?

20 A The plant operator, the person in charge, is Mr. Geoffrey  
21 Slater.

22 Q Does he have the same responsibility for the West End plant  
23 or is that a different person?

24 A He has overall responsibility for what we call environmental  
25 operations, but there's a plant manager that has -- that is